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## Addressing the Lack of Awareness Regarding the Various Resources to Finance a College Education

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Addressing the Lack of Awareness Regarding the Various Resources to Finance a College

Education

Corin Rau

Capstone project for the Bachelor of Arts in Human Development and Family Studies

California State University, Monterey Bay

## Addressing the Lack of Awareness Regarding the Various Resources to Finance a College

### Education

#### Introduction

When students are planning to attend college, many have to figure out how they are going to pay for their expenses. While there are many different resources to assist students with paying for college, some may not understand the different types that are available for them to utilize, be unaware of the requirements that are necessary to be eligible for certain types of funding, or may accept loans that they do not actually know much about. This possible lack of knowledge may lead to financial stress during and after college. In order to address this issue, I created a 90-minute interactive presentation about the key characteristics and requirements for the most readily available forms of funding for college and delivered it to a junior class of AVID students at Seaside High School in Seaside, California.

#### Needs Statement

There are many types of funding for college that students may not fully understand or be aware of. By having a lack of knowledge regarding the different ways there are to pay for college, students may feel overwhelmed with financing their college education once they are actually attending college and after they graduate (Xue & Chao, 2015). Financial stress is something that many students have the possibility of experiencing, and it has the potential to negatively affect students' academic achievements and has been reported to cause higher levels of psychological problems (Britt, Mendiola, Schink, Tibbetts, & Jones, 2017). Considering that a significant predictor of overbearing debt after college is associated with a lack of financial knowledge, it is possible that providing students with detailed information regarding the different ways there are to pay for college and how to utilize them will hopefully decrease the chances of

students to experience financial stress, as well as the negative effects that financial stress brings (Norvilitis, Merwin, Osberg, Roehling, Young, & Kamas, 2006).

There has been a noticeable amount of students that have struggled with paying off their college education and properly paying back loans that they take out. Out of the \$1.4 trillion dollars that have been borrowed from students in the United States, the student default rate is at 11.5% and the overall student debt has increased by about 170% over the span of the past ten years (Fox, Bartholomae, Letkiewicz, & Montalto, 2017). This high default rate and rapidly increasing amount of debt may be caused due to students simply not having much experience with borrowing money or not fully understanding their loans before they took them out. One way that may assist with increasing the knowledge and awareness on how to properly plan to finance their college education could be to better educate them. By explaining to students the requirements and details of the different types of funding, such as the differences between subsidized, unsubsidized, and private loans, it will hopefully give them the opportunity to better understand what they are committing to.

#### Developmentally Appropriate Practice

Developmentally, adolescents are in what Jean Piaget called Formal Operational Stage. This stage occurs around the age of twelve-years-old and continues on throughout adulthood. When using formal thought, adolescents have the capability to think abstractly, think of concepts in the future that they have not yet experienced, and can think in a more structured and logical sense (Steinberg, 2010). Furthermore, it has been found that using abstract thought can help adolescents more effectively plan for their futures (Dumontheil, 2014). Since adolescents have a stronger ability to use abstract thought during the time that they are in Piaget's formal operational stage, it may be particularly beneficial to provide them with clear information about

the resources they can use to finance their college education before they actually attend college and prior to them taking out student loans. By doing this, it may give them time to think about their future options and promote their ability to plan to utilize these different resources when the time is required.

### Consideration of Diversity

My project will be conducted at Seaside High School with a junior AVID class of twenty-five students. According to the Student Accountability Report Card (SARC; 2016), Seaside High Schools' student population includes 8% Filipino, 53% Hispanic, 8% Asian, 4% Pacific Islander, 12% White, and 3% being two or more races and/or American Indian with an enrollment of about 1,078 students annually. Also, 75.2% of the student population is considered socioeconomically disadvantaged. Since the AVID program is designed for students who typically come from lower-incomes and have little college experience, I think the participants for this program will heavily reflect the socioeconomically disadvantaged aspect of the student population. As a result, it is possible that these students have not had much information about college taught to them, especially regarding how to pay for college. I will be conducting my presentation in English, so the participants will have to speak English proficient enough to understand the information I am presenting and complete the tasks I request them to complete. This project is geared toward high school students who will most likely be experiencing college sometime in their future, so it will most likely not apply to younger children.

### Learning Outcomes

I intend to provide a ninety-minute interactive presentation to junior-level students enrolled in AVID at Seaside High School in Seaside, California.

1) Students will indicate what types of funding for college they will most likely utilize to pay for

their college education.

2) Students will be able to define the different forms of funding for college, such as grants, scholarships, subsidized loans, and unsubsidized loans.

3) Students will increase their understanding on how to fund their college education.

## **Method**

### **First 30 Minutes**

To begin, I introduced myself and explained to the class why I was there that day. Then, I asked each student to fill out the pre-test that I created. See Appendix A. This pretest included questions that focused on the participants attitudes towards paying for college and their knowledge of the different types of forms that are used to pay for college. This pretest was used to measure the knowledge of the students before I provided my interactive presentation. Once all of the students completed the pretest, I provided each student with a handout that lists various types of resources that students may use to finance their college education. See Appendix B. These forms ranged from really typical types, such as grants and loans, to much more obscure types, such as selling your blood. I allowed each student ten minutes to read over the list and rank what they thought were the most to least commonly used. Following the ten minutes, I showed the students what the most to least common resources used actually are on a powerpoint that I have constructed. I based the results of the most to least common ways that students pay for college off of a Sallie Mae study that is conducted annually. This study indicated that students on average utilize grants and scholarships, federal loans, and getting part-time jobs as being the most common ways students pay for college (Sallie Mae Company, 2017). After providing them with the actual results that were based off of this study, I asked the students to circle the three types that they think they will use when they attend college. By having them

circle what they would likely utilize to pay for their own college education, there was evidence to determine if the first learning outcome was met.

### **Second 30 Minutes**

I provided a Powerpoint presentation to the students that explained the differences between the common forms of funding for college, such as grants, subsidized loans, private loans, and scholarships. See Appendix C. During this powerpoint, I also emphasized the requirements needed to qualify for each resource, highlighted the benefits to taking out federal loans versus private loans, and explained the key differences regarding subsidized and unsubsidized loans. After the presentation, I had the students discuss their insights collaboratively as a class. By providing this information to the students, there was evidence to determine whether my second learning outcome was or was not met.

### **Last 30 Minutes**

In this segment, I introduced to the students how these different forms of funding work through an interactive activity. I randomly passed out index cards which indicated whether a student was a grant, subsidized loan, unsubsidized loan, private loan, scholarship, work-study program, or a student trying to obtain money for college. See examples of flashcards in Appendix C. The students then had to attempt to get as much money as possible from the other students who were the different types of forms of funding for college. They also had to make sure to meet each requirement for the different forms of funding in order to qualify for the money they were offering. They tallied up how much money they collected on the backs of their flashcards. I heard many comments being made by the students during this activity. For example, one student said, “Wow! I can’t believe how much money I have to pay back for taking out that private loan!” Another student quickly replied, “That’s why you don’t ever take those types of

loans out unless you really have to! I denied accepting the private loan.” After this interactive activity, we discussed their insights. Following, I provided the students with the posttest that I created. This posttest was identical to the pretest, and is used in order to compare the participants answers to the pretest.

## **Results**

Learning outcome 1 was that the participants would indicate what types of funding for college that they will most likely utilize to help pay for their college education in the future (i.e. grants, loans, etc.) The participants were provided a handout that had eight different types of resources that could be used to help pay for college. The students indicated what order they believed the different resources were used from most common to least common. I analyzed their responses by comparing them to the results from the Sallie Mae Study and found a discrepancy score for each participant. If students received a discrepancy score of one or less, it showed to me that they knew some general information regarding how students typically pay for college. If students received a score of two to three, it told me they had some knowledge regarding this topic. If students received a score of four or more, it told me they did not know much about how students pay for college. See discrepancy scores in Table 1. After I provided them with the actual results that were based off of the Sallie Mae study and gave statistics on how often each different resource is utilized on average, I asked them to circle the three choices they believed they will use to pay for college while keeping in mind the results I provided them. 100% of the participants circled the three they believed they would utilize in their future to pay for college; therefore, I believe learning outcome 1 was met.

Learning outcome 2 was that the students would be able to define the different forms of funding for college, such as grants, scholarships, subsidized loans, and unsubsidized loans. I used



a pretest and posttest to measure how much the students were able to learn after being provided my presentation. I determined whether the students got the terms correctly as either being correct, partially correct, or not correct at all. See Table 2 for examples of answers from students for each term. On the pretest, the majority of the participants were able to correctly define grants, scholarships, and work-study programs. The remaining terms (subsidized loans, unsubsidized loans, and private loans) were either partially defined correctly or not defined correctly at all. See pretest results in Table 3. Following the posttest, 100% of the participants correctly defined grants and scholarships, about 90% were able to define work-study programs, and at least 50% of the participants were able to correctly define subsidized loans, unsubsidized loans, private loans. See full post test terms results in Table 4. Since the participants were clearly able to correctly define these terms more accurately after the presentation than compared to before the presentation, I think learning outcome 2 was met.

Learning outcome 3 was that students would be able to increase their understanding on how to fund their college education. On the pretest, there are questions asking them to rate (1-5 scale) their understanding about and opinions on various aspects of paying for college. See these questions on the pre test post test in Appendix A. In order to analyze this learning outcome, I found a pre test average and a post test average for each one of the questions that the participants were asked to rate. Following the presentation, the post test averages had increased for every question compared to the pre test average. See full results for pre test and post averages in Table 5. Since their averages did increase, I believe learning outcome 3 was successfully met.

### Discussion

Providing clear and informative information regarding the different ways that students can pay for their college education gives students an opportunity to plan to finance their college

education with more time and preparation. As Jean Piaget emphasizes in his explanation of the Formal Operational Stage, adolescents are able to think in a much more abstract form and plan for their future in a more productive way that allows them to imagine potential possibilities. For this reason, providing students with this information before they attend college allows them to get a better opportunity to prepare and understand the options and resources that they have and can utilize. Students can experience a lot of stress due to their financial obligations to pay for their college education, both during and after college. By providing this type of information, it may decrease the chance or the amount of stress caused by finances by helping them utilize more resources to fund their college education. Overall, this study did increase students knowledge and awareness regarding their different options that they can use to pay for their college education. Additionally, this study increased students' knowledge on the terms for each type of source of funding, which also emphasized the requirements needed for each source. It is hopeful that the students remember and utilize this information in their future when they are planning for college. This information could be beneficial for any student that is interested in pursuing a college education in their future, so it may be useful if this type of information was presented to students more frequently in high school prior to students actually attending college. It may be helpful if teachers and counselors focus on the specific details and requirements regarding the different types of funding and incorporate lessons on this subject more frequently. If I could change something about how this study was conducted, I would include more time spent with the participants in order to get into more detail about the topics that were being covered. Overall, this project was very successful, and it is hopeful that it benefited the students in many different ways.



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Table 1  
Discrepancy Scores

Discrepancy Scores	Total in %
1 or less	64%

2 to 3	24%
4	12%

Table 2

Examples of Correct/Partially Correct/Incorrect Answers

Grants:

Correct	Partially Correct	Not Correct
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"Money that is given to you and does not need to be repaid back."	"Money that's given to you."	"Money."
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Scholarships:

Correct	Partially Correct	Not Correct
"Money that is given for meeting certain requirements or accomplishments"	"Money that is given to you because you earned it"	"Money that you can receive from a lot of people."

Work-Study Program:

Correct	Partially Correct	Not Correct
"Work program that is offered through your college to help pay for college expenses.."	"A work program."	"A program."

Subsidized Loans:

Correct	Partially Correct	Not Correct
"Must demonstrate financial need, no interest must be paid during school, and no payments made during school."	"No interest to be paid during school."	"A federal loan."

Unsubsidized Loans:

Correct	Partially Correct	Not Correct
"A loan that is available to everyone despite financial need, interest is	"Interest builds up while you are enrolled in school."	"Loan."

built while in school, and no payments need to be made during school"		
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Private Loans:

Correct	Partially Correct	Not Correct
"Typically has high interest rates and it's recommended to not take out unless absolutely necessary."	"High interest rates."	"A bad loan."

Table 3

Pretest Term Results

Terms	Correct	Partially Correct	Not Correct
Grants	80%	12%	8%
Scholarships	76%	20%	4%
Work-Study Program	52%	32%	16%



Subsidized Loans	12%	44%	44%
Unsubsidized Loans	8%	36%	56%
Private Loans	24%	28%	48%

Table 4

## Defining Terms Post Test Results

Terms	Correct	Partially Correct	Not Correct
Grants	100%	0%	0%
Scholarships	100%	0%	0%
Work-Study Program	92%	8%	0%
Subsidized Loans	60%	28%	12%

Unsubsidized Loans	56%	32%	12%
Private Loans	64%	32%	16%

Table 5

Pre Test and Post Test Averages

Pre Test Average	Post Test Average
2.4	3.8
2.5	3.6
2.5	3.0

## Appendix A

### Pre Test and Post Test

Using a 1-5 scale, please indicate how much you agree or disagree with each statement by circling your answer.

1) There are many ways to pay for college.	1	2	3	4	5
2) I know how I am going to pay for college.	1	2	3	4	5
3) Paying for college will be hard.	1	2	3	4	5

1=Strongly Disagree    2=Disagree    3=Neither Agree Nor Disagree    4=Agree    5=Strongly Agree

Please provide a definition or some characteristics that help define the following terms. If you do not know or are unsure, just try your best.

1) Scholarships:

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2) Grants:

---

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3) Work Study:

---

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4) Subsidized Loans:

---

---

5) Unsubsidized Loans:

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6) Private Loans:

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Appendix B  
Different Types of Resources Handout

**How Do Students Pay for College?**

Please rank from 1-8 what you think are the most to least common ways that students pay for their college education.

Selling Their Blood\_\_\_\_\_

Taking Out Federal Loans\_\_\_\_\_

Recycling Bottles & Cans\_\_\_\_\_

Receiving Grants and Scholarships\_\_\_\_\_

Taking Out Private Loans\_\_\_\_\_


Selling Their Old Clothes & Items\_\_\_\_\_

Working Part-Time Jobs\_\_\_\_\_

Receiving assistance through GoFundMe Account\_\_\_\_\_

Appendix C

Powerpoint Presentation

 <h2 data-bbox="711 579 1190 856">Different Ways to Pay for your College Education</h2>	
<h1 data-bbox="375 1104 906 1402">1. How Do Students Pay For College?</h1>	<p data-bbox="971 1455 1183 1583">Please fill out the handout that has been passed around.</p>

## Results

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### 1. Grants & Scholarships

- ▣ 96% students utilize
- ▣ Always fill out your FAFSA!
- ▣ Apply for any scholarship you qualify for!

### 2. Federal Loans

- ▣ Subsidized and Unsubsidized Loans

## Results

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### 3. Part-Time Jobs

- ▣ 75% of students
- ▣ Work-Study Program

### 4. Private Loans

- ▣ Roughly 10% of students utilize
- ▣ Not recommended unless absolutely necessary!

## Results

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**5. Recycling Bottles and Cans**

**6. Selling old clothes and items**

**7. Receiving money through GoFundMe**

**8. Selling blood**

Please circle the three types you believe you will most likely use to pay for your college education.





## 2. Types of Funding for College



### Types

#### Grants

- Money provided by the federal government that does not have to be paid back

#### Scholarships

- Money awarded based on academic or other achievements to pay for education expenses

#### Work Study

- Work program through which you earn money to help pay for school
- Usually offered through your school

## Types

### Subsidized Loans

- Available to those who demonstrate financial need
- Does not build interest while enrolled in college
- No payments while in school

### Unsubsidized Loans

- Available to all students.
- Does build interest while enrolled in college
- No payments while in school

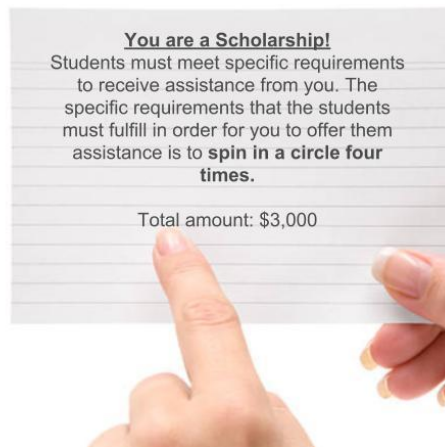
### Private Loans

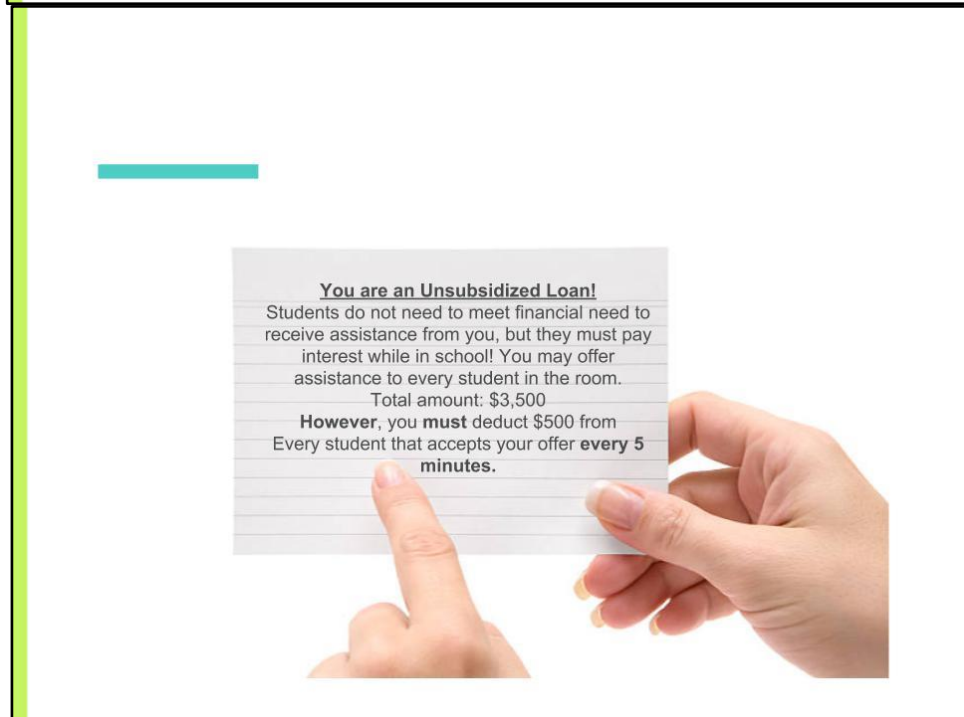
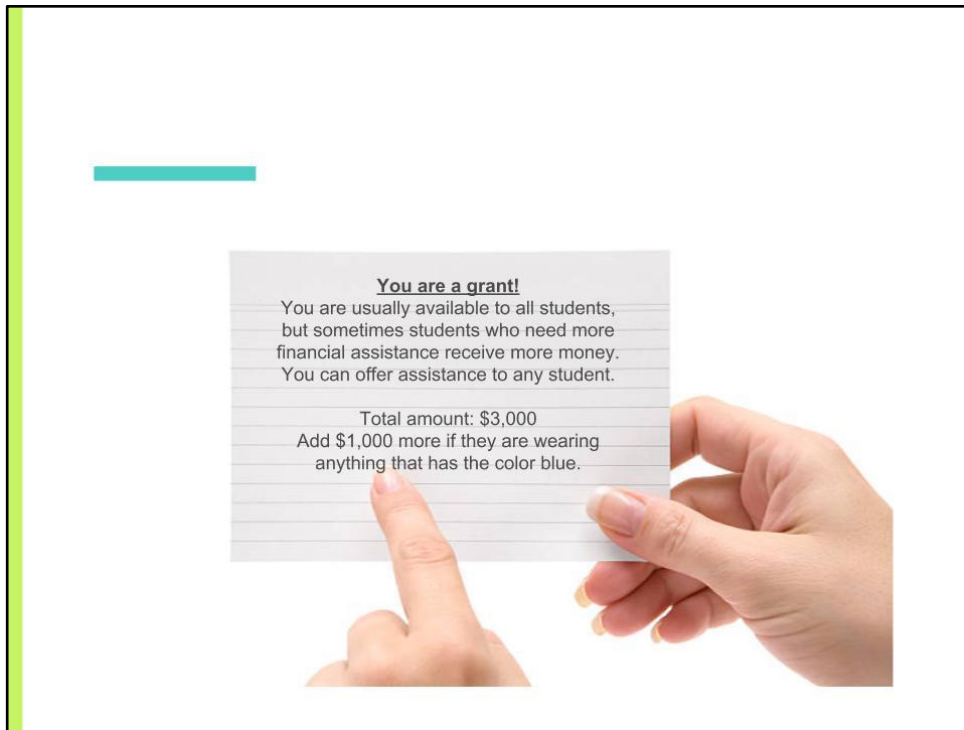
- Continuously build interest while in school
- Often substantially higher interest rates
- Payments required while in school

## 3. Activity

## DIRECTIONS

- Everyone receives one flashcard
- Some will be “students” and some will be different forms of funding for college, such as “scholarships” or “unsubsidized loans.”
- If you are a Student, then you must try and collect as much money as possible from the various forms of funding around the room. Add up how much money you collect on the back of the flashcard to help you keep track.
- If you are a funder, students will attempt to collect money from you. **Remember:** They must meet all requirements, and you must collect any payments if necessary.





## DIRECTIONS

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- Some will be “students” and some will be different forms of funding for college, such as “scholarships” or “unsubsidized loans.”
- If you are a Student, then you must try and collect as much money as possible from the various forms of funding around the room. Add up how much money you collect on the back of the flashcard to help you keep track.
- If you are a funder, students will attempt to collect money from you. **Remember:** They must meet all requirements, and you must collect any payments if necessary.

# 4.

## Who Collected the Most Money?

- **The most popular ways that students pay for college.**

- **Understand the key differences between the various types of funding for education**

- **Gained more knowledge on funding your education and learned at least one thing new today.**

# Thanks!

**It was a pleasure to spend  
some time with you today!**

Please complete the post-test  
I am passing around.